



Sean Rogan
Executive Director

**COMMUNITY DEVELOPMENT COMMISSION
of the County of Los Angeles**

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ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

1-D May 20, 2014

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

The Honorable Board of Commissioners
Community Development Commission
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Commissioners:

**ALLOCATION OF HOME INVESTMENT PARTNERSHIPS PROGRAM FUNDS AND APPROVAL
OF ENVIRONMENTAL DOCUMENTATION FOR THE ACQUISITION AND REHABILITATION OF
EIGHT UNITS OF AFFORDABLE HOUSING FOR FAMILIES IN UNINCORPORATED
WILLOWBROOK
(DISTRICT 2) (3 VOTE)**

SUBJECT

This letter recommends the allocation of HOME Investment Partnerships Program (HOME) funds for Willowbrook Townhomes, an affordable multifamily housing development located at 11718-11740 Willowbrook Avenue in unincorporated Willowbrook.

IT IS RECOMMENDED THAT THE BOARD:

1. Approve a loan to Willowbrook Townhomes Limited Liability Corporation (Developer), using up to \$1,861,678 in HOME funds, for the acquisition, rehabilitation, and short term operating reserves for Willowbrook Townhomes, an eight-unit multifamily housing development located at 11718-11740 Willowbrook Avenue in unincorporated Willowbrook (Project).
2. Authorize the Executive Director, or his designee, to negotiate, execute and, if necessary, terminate a Loan Agreement with the Developer, and to execute all related documents, including but not limited to documents to subordinate the loan to permitted construction and permanent financing, and any intergovernmental, interagency, or inter-creditor agreements necessary for the implementation of the Project, following approval as to form by County Counsel.
3. Authorize the Executive Director, or his designee, to execute amendments to the Loan Agreement and any related documents, as may be necessary for the implementation and administration of the

Project, following approval as to form by County Counsel.

4. Find that approval of the allocation of HOME funds for acquisition and rehabilitation of the Willowbrook Townhomes affordable multifamily housing development is exempt from the provisions of the California Environmental Quality Act (CEQA) for the reasons stated in this letter and the record of the Project.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of the recommended actions is to approve the allocation of HOME funds for the acquisition, rehabilitation and short term operating reserves to preserve 8 units of affordable housing in unincorporated Willowbrook.

FISCAL IMPACT/FINANCING

There is no impact on the County general fund.

The recommended action provides a loan of up to \$1,861,678 in HOME funds to acquire and rehabilitate the Project. The total Project costs are approximately \$1,165,000 for acquisition based on its appraised value and \$696,678 to fund the rehabilitation as well as a short term operating reserve for the Project.

The final loan amount will be determined following completion of negotiations with the Developer. The loan will be evidenced by a promissory note and secured by a deed of trust, with the term of affordability enforced by a recorded Covenants, Conditions and Restrictions document.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

HOME funds received from the U.S. Department of Housing and Urban Development (HUD) are administered by the Commission on behalf of the County of Los Angeles and are used for affordable housing located in the unincorporated areas and 49 participating cities.

On May 6, 2014 your Board authorized the Housing Authority to sell the subject property to Willowbrook Townhomes Limited Liability Corporation. The Housing Authority had entered into a Regulatory Agreement that required all the units to be rented to low-income households for an affordability period of 20 years which expired on June 2, 2010. Although the Regulatory Agreement expired, the Housing Authority has continued to rent to low-income households. The site is in need of rehabilitation and does not generate sufficient income to address capital needs.

The acquisition and rehabilitation of the property will be financed with HOME funds. It is estimated that the rehabilitation of the site will cost up to \$696,678 including the funding of a short term operating reserve. The property has substantial deferred maintenance which requires immediate attention. Rehabilitation will include interior unit painting, and kitchen and bath upgrades such as new cabinetry, counter tops and plumbing fixtures. Security cameras and perimeter fencing will also be included. Sustainability measures will also be incorporated wherever possible.

The current funding recommendation will provide HOME funds to the Developer through a Loan Agreement with the Commission, to be executed by the Executive Director, following completion of negotiations and approval as to form by County Counsel. The Loan Agreement will incorporate affordability restrictions and provisions requiring the Developer to comply with all applicable federal, state, and local laws. HOME funds will be disbursed once all financing is secured.

The Project consists of eight attached townhomes, of which seven units have three bedrooms and one unit has two bedrooms. Eight units will be affordable to low-income households earning no more than 80% of the Area Median Income (AMI) for the Los Angeles-Long Beach Metropolitan Statistical Area, adjusted for household size, as established by HUD. Affordability requirements will remain in effect for 15 years.

ENVIRONMENTAL DOCUMENTATION

Pursuant to 24 Code of Federal Regulation, Part 58, Section 58.35 (a) (3)(ii), the Project is excluded from the National Environmental Policy Act because it involves activities that will not alter existing environmental conditions. It is categorically exempt from the provisions of CEQA. The Project is within a class of projects that have been determined not to have a significant effect on the environment; it meets the criteria set forth in Section 15301 of the CEQA Guidelines and Class 1 of the County's Environmental Document Reporting Procedures and Guidelines, Appendix G. In addition, the Project is not in a sensitive environment, and there are no cumulative impacts, unusual circumstances, or other limiting factors that would make the exemption inapplicable based on the Project records.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The requested actions will preserve much needed affordable housing for low-income families in the County.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Sean Rogan", followed by a horizontal line.

SEAN ROGAN

Executive Director

SR:CC:cr